



STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

06-02

Arnold Schwarzenegger, Governor

Wayne Strumpfer, Acting Commissioner

FOR IMMEDIATE RELEASE

Contact: Susie Wong,
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January 26, 2006

CALIFORNIA DEPARTMENT OF CORPORATIONS CHARGES CITI TRAVELERS INSURANCE MANAGEMENT AND ROBIN KYU CHO WITH DEFRAUDING KOREAN AMERICAN CLIENTS OF MORE THAN \$2.5 MILLION

(Sacramento, CA)—The California Department of Corporations (Corporations) announced a desist-and-refrain order has been issued to Citi Travelers Insurance Management, a.k.a. Citi Travelers Scholarship Management, and the company owner Robin Kyu Cho, for engaging in a investment scheme by which the defendant defrauded at least 19 Korean American community members of approximately \$2.5 million.

From 1998 through December 2002, Corporations alleges that Cho solicited financially unsophisticated friends, along with their family members and their friends, to invest in his illegal scheme. The investment was not reviewed and approved by Corporations as required by state law.

Cho and his companies were ordered by Corporations to stop selling securities investments and making misrepresentations. Cho misled investors by guaranteeing the return of investors' initial investment at the end of the payment period upon request. In addition, he falsely claimed he was a stockbroker, and declared the investment consisting of stocks, bonds and commodities would yield a 4 to 6 percent monthly return.

Corporations claims that clients were not informed that they were investing in a Ponzi scheme: a type of illegal pyramid scheme where money from new investors is used to pay off earlier investors until the whole scheme collapses.

Investors were not informed that Cho was investing their pooled money in financially risky commodity futures, or that he had been losing his own funds since February 1996 and investors' funds from 1998 through September 2002.

"Exploiting the trust and friendship among members within your own community is deplorable and will not be tolerated," said acting Corporations Commissioner Wayne Strumpfer. "Schemers should be aware we're on the alert for this type of scam."

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The Department of Corporations is California's investment and financing authority and is responsible for the regulation, enforcement, and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending, residential mortgage lending, and payday lenders. Contact our toll-free consumer resource center at 1-866-ASK-CORP (275-2677) for information or to obtain a consumer complaint form. Please visit Corporations' Web site at www.corp.ca.gov.

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**STATE OF CALIFORNIA
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DEPARTMENT OF CORPORATIONS**

**TO: Robin Kyu Cho
Citi Travelers Insurance Management
a.k.a. Citi Travelers Insurance and
Citi Travelers Scholarship Management
630 Masselin Avenue #140
Los Angeles, CA 90036**

DESIST AND REFRAIN ORDER

(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times herein, Robin Kyu Cho ("Cho") and Citi Travelers Insurance Management, a.k.a. Citi Travelers Insurance and Citi Travelers Scholarship Management ("Citi") were located at 630 Masselin Avenue #140, Los Angeles, California 90036. Cho was the sole proprietor of Citi.
2. Beginning in around 1998 and continuing through at least December 2002, Cho offered and sold securities in the form of investment contracts comprised of pooled investor money that he said would be invested in stocks, bonds and commodities. Cho obtained investment money by soliciting unsophisticated friends and then their family members and friends, by offering 4%-6% interest monthly on investments in stocks, bonds and commodities, with a guaranteed return of initial investment at the end of the contract period upon request. Cho offered and sold securities to approximately 19 investors in the Korean-American community in excess of \$2.5 million.
3. In connection with the offer and sale of these securities, Cho and Citi made, or caused to be made, misrepresentations of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. These misrepresentations and omissions included, but are not limited to the following:
 - a. Investors were told that Cho and Citi guaranteed the reimbursement of their initial investment at the end of the payment period upon request;

b. Investors were told that the investment would earn 4%-6% per month;

c. Investors were not told that they were investing in a ponzi scheme and that any returns received on their investment money came from other investor money and not from any investment returns;

d. Investors were not told that Cho was investing their pooled money in risky commodity futures and had been losing his own money since February 1996 and investor money from 1998 through at least September 2002; and

e. Investors were either told that Cho was a licensed stock broker or not told that Cho and Citi were not licensed to solicit investments.

Based on the foregoing findings, the California Corporations Commissioner is of the opinion that the securities in the form of investment contracts comprised of pooled investor money to purchase commodity futures, stocks and bonds offered and sold by Cho and Citi are securities subject to qualification under the California Corporate Securities Law of 1968 and are being or have been offered or sold without being qualified, in violation of Section 25110 of the Corporate Securities Law of 1968.

Pursuant to Section 25532 of the Corporate Securities Law of 1968, Robin Kyu Cho and Citi Travelers Insurance Management are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities, including, but not limited to investment contracts comprised of pooled investor money to purchase commodity futures, stocks and bonds unless and until qualification has been made under said law or unless exempt. The sale of such securities is subject to qualification under said law and such securities are being or have been offered for sale without first being so qualified.

Further, the California Corporations Commissioner is of the opinion that the securities offered and sold by Cho and Citi were offered and sold in this state by means of written or oral communications that included untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of 1968.

1 Pursuant to Section 25532 of the Corporate Securities Law of 1968, Robin Kyu Cho and Citi
2 Travelers Insurance Management are hereby ordered to desist and refrain from offering or selling or
3 buying or offering to buy any security in the State of California, including, but not limited to,
4 investment contracts comprised of pooled investor money to purchase commodity futures, stocks and
5 bonds by means of any written or oral communication which includes an untrue statement of a
6 material fact or omits to state a material fact necessary in order to make the statements made, in the
7 light of the circumstances under which they were made, not misleading.

8 This Order is necessary, in the public interest, for the protection of investors and consistent
9 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

10 Dated: January 24, 2006
11 Los Angeles, California

12 WAYNE STRUMPFER
13 Acting California Corporations Commissioner

14 By _____
15 ALAN S. WEINGER
16 Acting Deputy Commissioner
17 Enforcement Division
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